The State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES

Thomas S. Burack, Commissioner

April 2, 2009

The Honorable Judith T. Spang
House Resources, Recreation and Development Commission
Legislative Office Building, Room 305
Concord, New Hampshire 03301

Re: SB 60, as amended, an act establishing a commission to study water infrastructure sustainability funding

Dear Chairman Spang:

Thank you for the opportunity to comment on SB 60, as amended by the Senate, which would establish a Commission to Study Water Sustainability. The Department of Environmental Services (DES) supports this bill, with minor amendment.

DES recommends two minor amendments. First, we recommend an additional member to the proposed commission from the Granite State Hydropower Association to represent New Hampshire's dam owners and operators who generate electricity by hydropower. We also recommend that the commission duties be expanded to include consideration of the information, conclusions and recommendations presented in the New Hampshire Water Resources Primer published in December 2008 as the Commission evaluates how to improve the long term sustainability of New Hampshire's water management infrastructure.

SB 60 would provide a mechanism to study the long term needs and methods for sustainable support for New Hampshire's programs and environmental infrastructure that serve to protect, manage, and maintain significant surface and ground water resources. As proposed, the Commission's review would include, but not be limited to, the assessment of New Hampshire's need to construct and maintain infrastructure to protect its water resources considering public health, ecosystem protection, and economic issues. The Commission would evaluate the needs for environmental infrastructure that provides safe drinking water, collects and treats wastewater and stormwater, and existing dams for water storage, flood control or power generation. The Commission would also consider the benefits of tourism and habitat protection in its review.

There is a growing need to consider options for sustainable environmental infrastructure funding because the needs are so significant. For example:

- DES estimates that wastewater infrastructure upgrades will cost about $1.2 billion over the next 10 years ($120 million/year) to address infrastructure aging, capacity attainment, and more stringent federal NPDES permits.
- DES estimates that over 30 of 273 state-owned dams are in need of repair at a cost of over $7 million. DES can typically perform 3 or 4 dam repair projects per year

with funding through the capital budget at existing funding levels. Therefore, a repair backlog exists. The current shortfall for state-owned dam repairs is in the order of $1 million per year. And, this does not reflect deficiencies in dams owned by municipalities and private owners.

- Public drinking water systems will require millions of dollars in investment over the next 10 years to address aging infrastructure, the need for additional water supply, and new EPA regulatory requirements such as more stringent arsenic standards for small community water supplies. These needs are illustrated by $250 million in requests to DES for the $19 million in stimulus funds for water system improvements that DES has received.
- Municipal separate stormwater systems (MS4s) are facing more stringent federal regulations adopted by the USEPA in recognition of the negative water quality impacts of uncontrolled stormwater discharges.

Depending on ownership and infrastructure type, existing funding sources for maintenance and improvements of water infrastructure may include local property taxes, water and sewer user fees, state aid grants supported by the state operating budget (for water and wastewater systems when funds are available), the state capital budget (for state dam repairs and matching funds for state revolving fund loans), and bank loans (for private sector projects with viable owners). These funding sources are all limited thus slowing the pace of necessary infrastructure improvements. Local affordability for needed improvements in municipal infrastructure is also a significant concern for many municipal projects.

In conclusion, evaluation in an integrated fashion by a study commission of the needs and methods to support the sustainability of New Hampshire's environmental infrastructure would serve to improve our understanding of possible future options for improvement and help New Hampshire to develop a long term funding strategy. This would also serve to advance the work in, and the baseline established by, the New Hampshire Water Resources Primer towards sustainable water management for New Hampshire's future.

Thank you for this opportunity to comment on this bill. Please feel free to call me at 271-2958, or Harry Stewart at 271-3308, if you have any questions or need additional information.

Very truly yours,

Michael Nobles, Asst. Comm.

for Thomas S. Burack
Commissioner

Enclosure
cc: Senators Cilley, Janeway and Odell
Representatives Tupper, Spang and Borden

PROPOSED AMENDMENT BY DEPARTMENT OF ENVIRONMETNAL SERVICES TO SENATE BILL 60 AS PROPOSED TO HOUSE RESOURCES RECREATION AND DEVELOPMENT COMMITTEE
APRIL 2, 2009

I. Add the following to the end of Paragraph 2, Membership and Compensation:

(m) A representative of the Granite State Hydropower Association, appointed by that organization.

II. Modify Paragraph 3, Duties, as follows:

3 Duties. The commission's review shall include, but not be limited to, an assessment of the state's need to construct and maintain infrastructure to protect its water resources, taking into consideration public health issues, ecosystem and habitat protection, and economic factors including tourism. **The commission shall consider the information, conclusions and recommendations presented in the New Hampshire Water Resources Primer published in December 2008 as it evaluates how to improve the long term sustainability of New Hampshire's water infrastructure and its funding.**